MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2016 / 2017 SESSION

DFA5058 – FINANCIAL ACCOUNTING

(For Diploma Students Only)

29th MAY 2017
9.00 a.m. – 11.00 a.m.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 5 pages with 4 questions.
2. Answer **ALL** questions in the answer booklet provided.

QUESTION 1

Adika started the business 'Adika Plant Nursery' on March 1, 2016. After one-month operation, the account balances as per below:

Account	Balance (RM)
Cash	11,980
Account receivable	2,000
Equipment	5,000
Accumulated depreciation-equipment	80
Supplies	300
Prepaid rent	1,200
Adika, capital	20,400

In April, the following transactions occurred:

April 2	Purchased supplies RM500 on account.
5	Performed service and get cash RM1,500 immediately.
8	Purchase new equipment for RM3,000 on account.
11	Adika brought a second hand motorcycle for his personal use using his own cash. The cost of the motorcycle was RM5,000.
14	Received RM1,000 from credit customer for the service previously done in March.
17	Borrowed RM20,000 from the bank on a note payable for 3 years. The payment of note payable will start next month.
20	Performed service for RM4,000. The customer paid RM1,500 in cash and promised to settle the balance in May.
22	Received cash advance RM800 for the service to be done on May 5.
23	Prepaid rent expired for the month, RM600.
25	Paid RM500 for the supplies purchased on account earlier of the month.
27	Paid RM3,000 for employee salaries.
29	Paid RM200 for utilities.

Instructions:

(a) Journalize the above transactions. (12 marks)

Continued...

(b) Prepare separate T-accounts for 'Cash' and 'Supplies'. Post related entries to the accounts. (9.5 marks)

(c) Explain **THREE (3)** basic activities in accounting. (3.5 marks)

[TOTAL 25 MARKS]

QUESTION 2

On May 1, Gaskin Bag Company had an inventory of 50 school bags at a total cost of RM1,750. During the month, the following transactions occurred.

May 2	Purchased 300 school bags for RM9,000 on account from Beeloon, terms n/30.
4	Sold 150 school bags for RM7,500 (cost: RM4,000) on account to Minion Store, FOB destination, terms 2/10, n/30. The appropriate party paid freight charges of RM100.
6	Received credit RM90 from Beeloon for returned of 3 school bags.
11	Received collection in full, less discounts from Minion Store.
12	Sold 20 bags for cash at RM1,000 (cost: RM600) to Pantai Timur Store.
18	Refund cash RM200 (cost: RM120) to Pantai Timur store for the returned of 4 defective bags.
20	Purchased 250 school bags for RM7,500 from Charm Distributors. FOB shipping point, terms 5/10, n/30. The appropriate party paid freight charges of RM150.
22	Purchase 50 bags for cash at the cost of RM1,250 from Mimin Wholesale.
25	Sold 200 school bags for RM12,500 (cost: RM6,400) on account to Family Store, terms n/30.
27	Paid Beeloon in full.
30	Paid Charm Distributors in full, less discount.

Instructions:

(a) Journalize above transactions using a Perpetual Inventory System. (18 marks)

(b) Define merchandising company. (1 mark)

Continued...

(c) Define Perpetual Inventory System. (2 marks)

(d) Expenses for merchandising company are divided into **TWO (2)** groups. Identify and explain the **TWO (2)** groups. (4 marks)

[TOTAL 25 MARKS]

QUESTION 3

Part A

The following information is available for Trajenta Company as at September 30, 2016.

- Balance per the bank statement is RM10,252.
- Balance per books is RM9,715.
- Two cheques issued to suppliers (Cheque number 226 for RM1,950 and cheque number 310 for RM1,800) have not yet been presented to the bank.
- A deposit in transit of RM5,115 had not been received by the bank when the bank statement was generated.
- A bank debit memo indicated an NSF cheque in the amount of RM200 written by Trajenta's customer on September 13.
- A bank credit memo indicated a note collected by the bank of RM2,050 and interest revenue of RM52 on September 20.

Instructions:

(a) Prepare a Bank Reconciliation for Trajenta Company as at September 30, 2016. (10 marks)

(b) Prepare journal entries needed after reconciliation. (5 marks)

Part B

Determine the most suitable principles of internal control for each procedure below. (5 marks)

i. Rotating employees' duties.

ii. Using motion sensor alarm to deter theft.

iii. Includes the authorization and approval of transactions.

iv. Provide evidence that transactions and events have occurred.

v. Related activities should be assigned to different individuals.

Continued...

Part C

Identify the suitable fundamental qualities of useful information to each descriptive statement below. (5 marks)

i. Providing information that would make a difference in a business decision.

ii. Accounting information that is not biased toward one position or another.

iii. Independent measures, using the same methods, obtain similar results.

iv. Providing information before it loses its capacity to influence decision.

v. Provide information that accurately depicts what really happened.

[TOTAL 25 MARKS]

QUESTION 4

Royal Blue Sdn. Bhd.'s Comparative Statement of Financial Position are presented below.

Royal Blue Sdn. Bhd. Comparative Statement of Financial Position As at December 31,		
	2015	**2016**
Cash	RM32,000	RM52,000
Accounts receivable	70,000	88,000
Supplies	15,000	13,000
Prepaid expense	55,000	37,000
Inventory	130,000	100,000
Total fixed assets	50,000	50,000
Accumulated depreciation	(12,000)	(15000)
Total	RM340,000	RM325,000
Accounts payable	RM73,000	RM50,000
Long-term notes payable	100,000	150,000
Common stock	85,000	85,000
Retained earnings	82,000	40,000
Total	RM340,000	RM325,000

Additional notes: For year 2016, the Statement of Comprehensive Income for Royal Blue Sdn. Bhd. showed net credit sales of RM700,000 and cost of goods sold of RM440,000.

Instructions:

(a) Using horizontal analysis, show the changes (in amount and percentage) for each Comparative Statement of Financial Position using year 2015 as a base year. (13 marks)

Continued...

(b) Compute the following ratios for year 2016.

i. Current ratio.

ii. Acid-test ratio.

iii. Receivable turnover.

iv. Inventory turnover.

(12 marks)

[TOTAL 25 MARKS]

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